



WISCONSIN

DEPARTMENT OF WORKFORCE DEVELOPMENT
Division of Economic Support
Bureau of Work Support Programs

TO: **Economic Support Supervisors
Economic Support Lead Workers
Training Staff
Child Care Coordinators
W-2 Agencies**

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No.: 00-69

File: 2840.4

Date: 10/02/2000

Non W-2 ☒ W-2 ☐ CC ☐

PRIORITY: Medium

SUBJECT: **MEDICAL EXPENSE DEDUCTIONS IN THE FOOD STAMP PROGRAM**

CROSS REFERENCE: Income Maintenance Manual, Chapter I, Part C
Food Stamp Handbook, Appendix 16
Operations Memos 99-05 & 99-58

EFFECTIVE DATE: Immediately

PURPOSE

This memo provides clarification of the medical expense deduction in the Food Stamp (FS) Program.

BACKGROUND

FS households that include an elderly, disabled, or blind (see FSH 1.6.1) group member are entitled to a deduction for that member's non-reimbursable medical expenses in excess of \$35 per month. Non-reimbursable means that the expense will not be paid by another source such as Medicaid, Medicare, or private insurance. See FSH 16.4.6 for a complete list of disallowed expenses. Allowable medical expenses may include one-time only expenses, such as a hospital bill, or recurring expenses, such as prescriptions or insurance premiums. See FSH 16.4.5 for a complete list of allowable medical expenses. All the medical expenses of any elderly, disabled, or blind member are totaled and CARES will subtract \$35 from the total to determine the medical expense deduction.

VERIFICATION

Medical expenses claimed by an applicant for FS must be verified prior to initial certification in order for the expense to be allowed as a deduction (see IMM, Ch. I, part C). Do not allow a deduction if the expense is not verified. However, anytime a medical expense is reported and verified, the deduction should be allowed. Expenses verified as part of a Medicaid (MA) application are also verified for FS. The following items must be verified: date of service, billing date, amount owed, and date amount is due.

Medical expenses are budgeted prospectively, so do not require eligible elderly, disabled, or blind household members to verify recurrent medical expenses monthly. Rely on estimates of recurring medical expenses during the certification period. Include changes that can be anticipated based on available information. Consider the group member's medical condition, public or private medical insurance coverage, and the current verified medical expenses incurred by the FS group member.

When converting medical expenses to monthly amounts, use the same calculation methods used for budgeting prospective income. Budget expenses in the next possible benefit month.

Example: Norm is a disabled individual who receives Social Security Disability income of \$720 per month. He does not yet receive Medicare. Norm applies for FS and provides his worker with verification that he has a medical condition that requires him to receive regular medical treatment. He also verifies that his pharmacy bills him \$60 per month for medication and he does not currently have private health insurance coverage or MA. His worker enters \$60 as Norm's recurrent medical expense on CARES screen AFME. Norm is not required to submit his monthly bill from the pharmacy.

FS households are not required to report changes in their medical expenses during the certification period. Any changes voluntarily reported by the recipient or authorized representative must be acted on and verified. Agencies are not required to act on or verify changes reported by a third party unless they can do so without contacting the recipient for further information or verification. The intent of this policy is to reduce the change reporting burden for elderly or disabled recipients.

At review, verify previously unreported medical expenses and total recurring medical expenses. Do not allow expenses that are no longer applicable.

BUDGETING MA DEDUCTIBLE EXPENSES

Medicare premiums and any cost-sharing or deductible expenses incurred by MA recipients are allowable medical expense deductions. The deductible expenses actually incurred, or anticipated to be incurred on a monthly basis may be used to determine the amount of the FS medical expense deduction. The MA deductible amount itself does not necessarily determine the amount of the FS medical expense deduction, and should not automatically be averaged over the FS certification period to arrive at an excess medical expense deduction. Only allow the medical expenses incurred by elderly, disabled, or blind FS group members.

Example: A FS group member has a MA deductible of \$400 for a 6 month MA certification period. Based on the verified expenses in the previous 6 months, the person anticipates he will incur \$100 per month in medical expenses. Enter \$100 in expenses on CARES screen AFME and CARES will allow \$65 in excess medical expenses for each month ($\$100 - \$35 = \$65$). When the FS/MA group member meets the MA deductible and MA opens, the worker should remove the monthly excess medical deduction. Remember to check the medical expense screens whenever MA opens and adjust the expenses accordingly.

However, if the client makes a pre-payment or incurs a one time medical expense that may be used to meet the MA deductible, s/he has 4 choices in how that expense will be counted as a FS medical expense deduction:

1. Deduct it as a lump sum for 1 month, or
2. Enter into a payment plan with the medical provider and claim the monthly payment obligation under the payment plan. The monthly obligation can be claimed for as long as the original payment plan is in place, however amounts still due after they were budgeted during a previous FS certification period may not be included as part of the monthly expense. No incurred expense can be counted more than once, or
3. Choose to average the one time medical expense over the remaining months of the FS certification period. The averaging of the one time medical expense cannot extend past the certification period in which the expense was originally counted.
4. Choose to average the one-time medical expense over the period it was intended to cover.

Example 1: A disabled FS group member has a MA deductible of \$600. He meets the deductible with a one- time expense of \$850. He chooses to average the expense over the period it was intended to cover. The worker averages the non-reimbursable portion of the expense, \$600, over the remaining months of the MA deductible period.

Example 2: A customer is certified for 12 months for FS and 6 months for MA with an \$800 deductible. During month 2 the customer incurs a one-time medical expense of \$4000. The MA deductible is met and the person becomes eligible for MA for the rest of the MA certification period. The non-reimbursable amount is \$800 since MA pays the remainder of the bill after the deductible is met. For purposes of FS eligibility, s/he can do 1 of these:

1. Choose to have the entire non-reimbursable expense (\$800) applied to one month as an excess expense in the next possible benefit month.
2. Enter into a payment plan with the provider and the incurred monthly payment amount due is used to determine the excess medical expense. The payment plan can extend beyond the FS certification period as long as no part of the medical expense is counted more than once. For instance, if the payment plan calls for \$40 payments to be made each month for 20 months, the \$40 expense can be counted each month for 20 months. However, if the client falls behind in the payment plan and in the 21st month enters into a second payment plan to cover the remaining balance, DO NOT allow the remaining balance as a medical expense because it was already deducted during the previous 20 months.

(Continued on next page.)

Example 2 (continued):

3. Request that the \$800 be averaged over the remaining 10 months of the FS certification period. In which case, the monthly excess medical expense deduction would be:
 $\$80 - \$35 = \$45$ each month for 10 months.
4. Request that the \$800 be averaged over the remaining 4 months of the MA certification period, or the period the expense is intended to cover. In which case, the monthly excess medical expense deduction would be $\$200 - \$35 = \$165$ each month for 4 months.

The second option is also available when a client is billed for an allowable one-time medical expense prior to certification and has arranged to pay the expense on a monthly basis over a period of time. If during this period of time the client applies for FS, the monthly installment amount due is an allowable expense for the excess medical deduction.

Except when an expense is averaged during a certification period, the expense should be budgeted in the month it is billed or otherwise becomes due, regardless of when the client intends to pay the expense. Allow the expense in the next possible benefit month. Under all of the one-time medical expense options, the amount incurred (not amount paid) is counted. The client may or may not pay the bill, that is why it is important to make sure that the expense is not counted more than once.

CARES SCREENS AFME, AFMD, AND AFMC

Enter allowable medical costs on CARES screen AFME. Use the PF16 key to add screens for multiple payment processes, such as a hospital bill being paid according to an arranged payment schedule and other non-reimbursable medical expenses incurred on an ongoing basis, such as prescription costs. Refer to table TMEE for a list of medical expenses that are budgeted for MA, FS, or both. Allowable medical expenses must be converted to monthly amounts, unless a payment plan has been arranged for a one-time expense.

AFME	MEDICAL EXPENSE	08/02/00 11:16
CASE: 0700210300	WORKER: XCTC93	XCTC93 D HIPPLER
LAST UPDATED:	CASE STATUS: OPEN	CASE MODE: ONGOING
NUM: __ NAME: GERRIE	CASE14	SSN: 322 55 1541
DC: __ BEGIN MMY: 0800	END MMY: __	
SEQ NUM: 001	EXPENSE TYPE: HO	SERVICE DATE: 08 01 00
SOURCE/PROVIDER: Fix U Up Hospital	VR: AF	
INCURRED BY : 01		
TOTAL BILLED AMOUNT : 1200		
TPL AMOUNT : -		
CLIENT LIAB AMOUNT : 1200	BUDGETABLE EXPENSE : 1200	
FS PAYMENT PLAN? (Y/N): Y	NUM OF MONTHS : 12	
-----INDIVIDUALS-----		
01 GERRIE C (PP)	02 SON1 C (SON)	
NEXT TRAN: __	PARMS: 0700210300	

This switch is for medical expenses paid through an established payment plan. For instance, there is a \$1200 hospital bill being paid monthly over 12 months. The expense is entered, then the "Y" is entered for "FS Payment Plan" and "Num of Months" =12. CARES will allow \$100 per month as the expense.

MEDICARE PREMIUMS

For Medicare recipients, enter the net Social Security amount (after Medicare deduction) on CARES screen AFUI and the Medicare premium on screen AFMD with the appropriate payor information.

AFMD	MEDICARE	08/02/00 11:30
CASE: 0700210300	WORKER: XCTC93	XCTC93 D HIPPLER
LAST UPDATED: 08 02 00	CASE STATUS: OPEN	CASE MODE: ONGOING
NUM: __ NAME: GERRIE	CASE14	SSN: 322 55 1541
DC: __ BEGIN MMY: 0800	END MMY: __	
ENTITLED TO PART A? (Y/N): Y BEGIN DATE: 08 01 00 END DATE: __ __ __ VR: __		
PART A PREMIUM AMOUNT: 0.00__		
PART A PREMIUM PAYOR: SELF_ VR: DE		
ENTITLED TO PART B? (Y/N): Y BEGIN DATE: 08 01 00 END DATE: __ __ __ VR: __		
PART B PREMIUM AMOUNT: 45.50__		
PART B PREMIUM PAYOR: SELF_ VR: DE		
HIC: 322551541A__		
RAILROAD RETIREMENT ? (Y/N): N		
-----INDIVIDUALS-----		
01 GERRIE C (PP)	02 SON1 C (SON)	
NEXT TRAN: __	PARMS: 0700210300	

Convert insurance premium expenses to monthly amounts and enter on AFMC.

AFMC	MEDICAL INSURANCE COVERAGE	08/07/00 09:16
CASE: 0700210300	WORKER: XCTC93	XCTC93 D HIPPLER
LAST UPDATED: 08 07 00	CASE STATUS: OPEN	CASE MODE: ONGOING
NUM: 01 OWNER NAME: GERRIE_____ CASE14_____ SSN: 322 55 1541		
DC: __ BEGIN MMY: 0800 END MMY: _____		
SEQ NUM: 001 CARRIER CODE: B34 EPIC LIFE DOB: 05 14 1958		
POLICY NUMBER: k123456		
POLICY BEGIN DATE: 01 01 00	POLICY END DATE: ____ ____ ____	
PREMIUM: 135.00	VR: AF	FREQUENCY: M
GROUP NUMBER: 9876545_____		
NO. OF PERSONS COVERED: 1		
IS THE OWNER AN ABSENT PARENT?: N		
COURT ORDERED?: N COOPERATION?: Y UNCOOPERATIVE PERSON: ____		
-----INDIVIDUALS-----		
01 GERRI C (PP)	02 SON1 C (SON)	
PFKEYS: 20=AFMA		
NEXT TRAN: _____	PARMS: 0700210300_____	

Enter the "best estimate" of prospective expenses in CARES. Re-determine the best estimate of prospective expenses at each review, or when a change is reported during the eligibility period.

CARES will automatically calculate the total medical expenses from AFME, AFMD, and AFMC and subtract the first \$35 to determine the FS medical expense deduction. Remember to update these screens at review and remove any expenses no longer incurred.

CONTACT

DES CARES & Policy Call Center	Email:	carpolcc@dwd.state.wi.us
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Note: Email contacts are preferred. Thank you.